

Message Text

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ACTION STR-07

INFO OCT-01 STRE-00 ISO-00 AF-10 ARA-10 EA-10 EUR-12
NEA-10 AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00
EB-08 FRB-03 H-01 INR-10 INT-05 L-03 LAB-04
NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15 ITC-01
TRSE-00 ICA-11 SP-02 SOE-02 OMB-01 DOE-15 JUSE-00
IO-13 /166 W

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P 201648Z APR 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 8670
INFO AMEMBASSY BRUSSELS
AMEMBASSY TOKYO

LIMITED OFFICIAL USE SECTION 01 OF 02 GENEVA 06021

USMTN USEEC

ACTION STR FOR MATTHEISEN

STR PASS CODEL

E.O. 11652 N/A
TAGS: ETRD, MTN
SUBJECT: SAFEGUARDS - APRIL 17 7-PLUS-7 MEETING

1. SAFEGUARDS 7-PLUS-7 APRIL 17 CONCLUDED CURRENT DC-LDC EXCHANGE AS DELS TOOK UP FINAL AGENDA ITEM, SPECIAL AND DIFFERENTIAL TREATMENT FOR LDCS, THEN ADJOURNED SINE DIE. BRAZIL'S OPENING STATEMENT OUTLINED THREE "LEVELS" WHERE S&D POSSIBLE IN SAFEGUARDS CONTEXT (DC SAFEGUARD MEASURES AFFECTING LDCS, INTERNAL DC ADJUSTMENT MEASURES, AND LDC SAFEGUARD ACTIONS) AND WHICH SERVED AS REFERENCE POINT FOR BALANCE OF MEETING.

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2. AS TO FIRST LEVEL (DC MEASURES) BRAZIL OBSERVED THAT TO EXTENT TIGHT CONDITIONS ON SAFEGUARD MEASURES CAN BE MADE APPLICABLE TO ALL, THE NEED FOR DIFFERENTIATION WILL BE LESS; BUT IF DCS CAN'T ADOPT TIGHT CONDITIONS AS GENERAL RULE, AT LEAST DO IN ACTIONS AFFECTING LDCS. THIS ELICITED PREDICTABLE EC-NORDIC RESPONSE THAT SELECTIVITY PROVIDES A MEASURE OF S&D IN THAT NON-

INJURIOUS IMPORTS (E.G.- FROM EMERGING LDC INDUSTRIES) WOULD NOT BE AFFECTED--AN ARGUMENT JUST AS PREDICTABLY CHALLENGED BY LDCS WHO AGAIN CLAIMED THEY ARE THE INTENDED TARGET OF SELECTIVE ACTION. WE NOTED THAT A WELL-DEVELOPED SET OF SPECIFIC SAFEGUARD RULES, S&D ASIDE, IS THE PRIMARY BENEFIT FOR LDCS AND LATER REFERRED TO INF/12 PROVISION RE SMALL SUPPLIERS AND NEW ENTRANTS AS POTENTIALLY SIGNIFICANT ADVANTAGE.

3. ON SECOND POINT BRAZIL ARGUED, WITH SUPPORT FROM PAKISTAN, HONG KONG, EGYPT AND KOREA, FOR A CLEAR COMMITMENT LINKING INTERNAL ADJUSTMENT MEASURES AND POLICIES TO SAFEGUARD ACTIONS; THOUGH THE FORM SUCH MEASURES TAKE NEED NOT BE PRE-DEFINED, THE TYPE OF ADJUSTMENT REFERRED TO SHOULD ENCOMPASS ACTION BOTH IN SPECIFIC CASES AND IN GENERAL, CONTINUING EFFORTS TO PHASE OUT INDUSTRIES THAT ARE NO LONGER COMPETITIVE. PAKISTAN LATER ADDED THAT "A TIGHT TIME FRAME FOR SAFEGUARD MEASURES" IS THE BEST GUARANTEE FOR ADJUSTMENT--A POSITION ENDORSED BY BRAZIL BUT WITH QUALIFICATION THAT TIGHT TIME FRAMES ARE NOT ALTERNATIVES TO SPECIFIC ADJUSTMENT MEASURES. JAPAN REP OFFERED HIS PERSONAL VIEW THAT DURING PERIODS OF SLOW ECONOMIC GROWTH SAFEGUARD PERIODS SHOULD BE COMMENSURATELY LONGER.

4. BRAZIL'S FINAL POINT, THAT LDCS REQUIRE MORE FLEXI-LIMITED OFFICIAL USE

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BILITY IN TAKING ACTIONS, DREW LITTLE COMMENT. BOTH U.S. AND EC POINTED TO THE CONSIDERABLE FLEXIBILITY LDCS ALREADY HAVE IN THIS AREA (E.G., OTHER GATT PROVISIONS AND UNBOUND TARIFFS); WE NOTED OUR DESIRE TO BRING AS MANY COUNTRIES INTO THE CODE AS POSSIBLE AND OFFERED TO EXPLORE ANY SPECIFIC SUGGESTIONS LDCS MAY HAVE.

5. TOWARDS CLOSE OF SESSION EC OFFERED GENERAL OBSERVATION THAT SURVEILLANCE, NOT S&D, IS KEY TO LDC SECURITY AND NOTED THAT IN RETURN FOR COOPERATION ON SELECTIVITY ISSUE IT IS PREPARED TO ACCEPT "CONSIDERABLE DEGREE OF INCREASE IN THE LEVEL OF INTERNATIONAL SURVEILLANCE AND TRANSPARENCY THAN HAS BEEN THE CASE UP TO NOW." LATER PAKISTAN, RETURNING TO EARLIER CONSULTATION AND SURVEILLANCE TOPIC, SAID SURVEILLANCE SYSTEM SHOULD INCLUDE FOLLOWING ELEMENTS: BASIC OBLIGATION TO REPORT AND JUSTIFY ALL NEW OR EXISTING SAFEGUARD MEASURES TO SURVEILLANCE COMMITTEE; REGULAR AND PERIODIC REVIEWS BY COMMITTEE (WHILE RECOGNIZING RIGHT OF A CP TO TAKE INITIAL DECISION THAT SERIOUS INJURY EXISTS); POSSIBILITY OF COLLECTIVE RETALIATION FOR ACTION CONTRAVENING COMMITTEE FINDINGS OR REFUSAL TO RESPOND TO RECOMMENDA-

TIONS. EC, IN OBVIOUS ATTEMPT TO MOLLIFY IMPASSIONED
PAKISTANI REP, CALLED STATEMENT A "REAL CONTRIBUTION"
OFFERING "MUCH TO WORK WITH" AND COVERING MANY POINTS EC
ITSELF HAS CONSIDERED.

6. COMMENT: FIVE 7-PLUS-7 SESSIONS IN AS MANY WEEKS,
WITHOUT SIGNIFICANT NEW MOVEMENT, SEEM TO HAVE BEEN MORE
THAN ENOUGH FOR MOST DELS, EVEN LDCS. ALL NOW SEEM
ANXIOUS FOR A PAUSE TO RECONSIDER POSITIONS. LDCS ARE
NOT WELL ORGANIZED, AND WE HAVE IMPRESSION SOME (E.G.,
HONG KONG, PAKISTAN) HAVE TALKED THEMSELVES INTO AN
EXTREMELY HARD LINE ON SELECTIVITY, TO DISCOMFORT OF
SOME OTHERS (E.G., BRAZIL, NIGERIA, POSSIBLY INDIA) WHO
WOULD PREFER TO LET DISCUSSION GO FORWARD IN ORDER TO
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WORK TOWARD SOME RESULT. INDIAN DEL SOURCE INDICATES
LDCS MAY SURFACE NEW TEXTUAL IDEAS IN EARLY TO MID-MAY.

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LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
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LIMITED OFFICIAL USE SECTION 02 OF 02 GENEVA 06021

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END COMMENT.

7. DRAFTED ADDUCI/HARTZELL MCDONALD

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